

weekly economic review

October 19, 2012

Resale Housing Market

Sales of existing homes bounce back

Alberta resale activity rebounded in September following two consecutive monthly declines. Sales of existing homes reached 5,231, up 4.9% from August and by 18.0% compared to September 2011. The sales-to-new listings ratio was 0.60, well above the 0.49 national average. Meanwhile, the average home price fell 0.8% from August and posted the smallest year-over-year increase (0.6%) in eight months. Nationally, price gains have slowed in recent months, with the latest year-over-year increase coming in at only 0.8%.

Consumer Price Index (CPI)

Inflation remains subdued despite September uptick

Alberta inflation crept slightly higher in September. The CPI rose by 1.4% over the same month last year, up from 1.0% in August. A stronger increase in energy prices, notably in electricity and gasoline, was primarily responsible for the higher inflation rate. Despite last month's increase, Alberta's inflation rate remains subdued, coming in below 2% in every month since February. Nationally, inflation was unchanged at 1.2%.

Job Vacancies

Job openings pile up

Alberta's job vacancy rate, defined as the number of job openings as a share of labour required (employed individuals plus job openings), average 3.2% between May and July, up from 2.5% over the same period last year. This is well above the national average of 1.8%. Over the same period, there were only 1.7 unemployed people for every job opening in Alberta, well below the national average of 5.3.

Non-Residential Construction

Construction spending moves higher

In the third quarter, Alberta investment in non-residential building construction continued to improve, rising 0.6% from the previous quarter and by 4.9% from the same quarter last year. The year-over-year gain was fuelled by a 46% spike in industrial investment, and a 9.7% increase in commercial spending. Institutional/government spending rose for the first time in 10 quarters, but remained well below levels from the same time last year.

Manufacturing Shipment

Shipments expand

Alberta manufacturing sales grew for the second straight month in August. Shipments totaled \$6.2 billion, up 0.5% from July and by 4.2% over the same time last year. Year-over-year

shipment growth has been trending downward since February, mainly due to a moderation in chemical and petroleum & coal shipments. Excluding these products, shipments posted a more impressive 10.6% increase over August 2011. Nationally, shipments were up a modest 3.2% from last year.

National Balance Sheet Accounts

Household debt continues to grow

Household credit market debt continues to grow in Canada, rising 1.8% in the second quarter of 2012 over the first quarter. As a result, the household credit market debt to disposable income ratio increased to a new record of 163.4. However, households still improved their net worth by 0.9%, mostly because of gains in residential real estate.

Resale Home Sales-to-New Listings Ratio



Source: Canada Real Estate Association

Closing Prices	October 11, 2012	October 18, 2012	2012-13 Fiscal YTD
Canadian Dollar (C\$/US\$)	102.23	101.96	99.92
WTI Oil (\$US/bbl)	\$92.97	\$92.10	\$92.64
NYMEX Natural Gas (\$US/MMBtu)	\$3.80	\$3.59	\$2.70

Alberta Economic Indicators¹

Population	2010	2011	2012YTD	Apr	May	Jun	Jul	Aug	Sep
Population (thous.)	3,724	3,778	3,874	3,841	-	-	3,874	-	-
% change	1.4	1.5	2.5	2.3	-	-	2.5	-	-
Net International Migration (level)	-3,271	-8,443	-28,170	-11,726	-	-	-8,544	-	-
Net International Migration (level)	24,103	16,703	37,960	25,698	-	-	14,546	-	-
Net Non-permanent Resident (level)	14	7,694	9,721	7,480	-	-	8,546	-	-
Labour Market									
Unemployment (thous.) SA	2,013	2,094	2,144	2,143	2,153	2,144	2,150	2,154	2,158
% change	-0.4	3.8	2.9	2.9	4.3	2.7	2.2	2.1	1.9
Unemployment Rate (%) SA	5.5	5.4	4.7	4.9	4.8	4.8	4.9	4.8	4.4
Participation Rate (%) SA	72.9	73.7	73.8	73.9	73.7	73.5	73.3	73.2	73.1
Average Weekly Earnings (\$ SA)	993.40	1,038.76	1,065.15	1,059.24	1,065.37	1,068.08	1,094.95	-	-
% change	4.6	4.6	3.1	2.7	3.2	2.9	6.1	-	-
Price Indices									
NEW: Consumer Price Index	1.0	2.4	1.4	0.5	0.4	1.3	2.9	1.0	1.4
Excluding food and energy	0.8	0.8	1.4	2.1	1.6	1.6	1.4	1.8	1.1
Non-Fin. Building Costs (Housing) ²	-0.1	3.4	4.3	-	-	4.1	-	-	-
Farm Product Price Index	1.8	17.4	6.3	5.6	8.1	8	-	-	-
Crude	-9.6	18.0	2.1	5.6	3.2	1.4	-	-	-
Livebook	5.7	16.8	9.6	3.0	9	12.8	-	-	-
Household Sector									
Housing Starts (CAAR, 000s)	27.1	25.7	32.9	39.8	38.7	21.9	32.9	24.9	31.6
% change	30.5	-5.1	38.3	80.5	90.9	-45.5	50.1	-1.6	34.5
New Housing Price Index ⁴	0.5	0.4	1.0	1.2	1.6	1.2	1.5	1.6	-
Edmonton	-0.8	0.9	0.6	1.3	1.1	-0.8	0.8	0.9	-
Calgary	1.2	0.1	1.1	0.9	0.8	1.7	2.3	2.4	-
NEW: MCG Average House Price (\$ 000s)	350.9	352.7	360.0	365.5	365.1	360.1	361.1	361.9	361.2
% change	3.1	0.5	1.8	1.3	0.9	-2.7	3.2	3.6	0.6
Edmonton (\$ 000s)	326.5	324.2	331.4	337.3	336.7	322.7	331.8	334.0	327.9
% change	2.3	0.7	2.3	3.3	4.0	-3.7	1.2	2.9	2.1
Calgary (\$ 000s)	397.4	401.9	406.6	408.0	413.3	410.2	411.5	410.9	408.7
% change	3.4	1.1	0.8	1.3	3.4	-2.9	3.1	-1.8	0.4
Retail Sales, SA	6.0	6.9	9.0	7.8	8.6	7.1	9.2	-	-
NEW: New Motor Vehicle Sales	9.5	9.6	12.4	1.1	22.6	6.8	10.6	9.6	-
Consumer Bankruptcies (level)	8,150	7,039	3,629	523	515	484	489	-	-
% change	-15.4	13.6	16.3	13.1	16.5	30.4	8.4	-	-
Business Sector									
Rain Drilling (level)	207	286	246	141	48	139	198	223	229
% change	65.1	30.4	-8.4	-54.4	-4.5	23	-17.5	30.9	31.7
Quick Exports (current, billed)	12.6	18.5	5.6	17.0	11	1.4	4.1	7.5	-
Energy	17.4	19.4	6.9	24.2	1.8	1.1	2.2	9.1	-
Agriculture	-14.3	21.4	13.3	16.2	10.3	1.5	-10.5	17.8	-
Total Farm Cash Receipts (quarterly)	3.7	16.3	28.3	-	-	-	-	-	-
NEW: Manufacturing Shipments, SA	11.3	18.0	9.2	8.5	7.7	5.6	5.5	4.2	-
NEW: Wholesale Trade SA	8.5	15.0	14.5	20.0	17.0	10.6	12.7	10.1	-
Building Permits, SA	1.3	11.8	13.4	49.5	20.2	13.3	0.1	7.4	-
Residential	22.4	5.2	19.7	2.6	27.0	14.6	1.2	26.9	-
Non-residential	-18.3	20.9	6.0	158.5	13.2	11.5	-1.5	14.3	-
Business Bankruptcies (level)	378	264	150	30	28	22	16	-	-
% change	-6.7	-30.2	1.4	17.6	27.3	37.5	6.7	-	-

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted.

¹ Unless otherwise indicated, all figures are year-over-year percentage change and not seasonally adjusted.

² Quarterly, annual numbers are presented on a calendar year basis (July 1 - June 30).

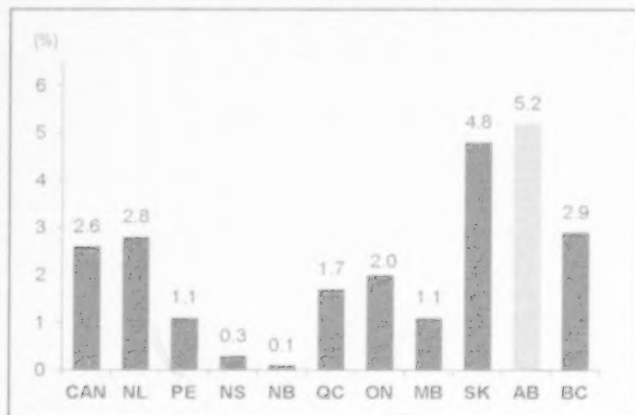
³ Quarterly, average of Calgary and Edmonton.

⁴ Average of Calgary and Edmonton.

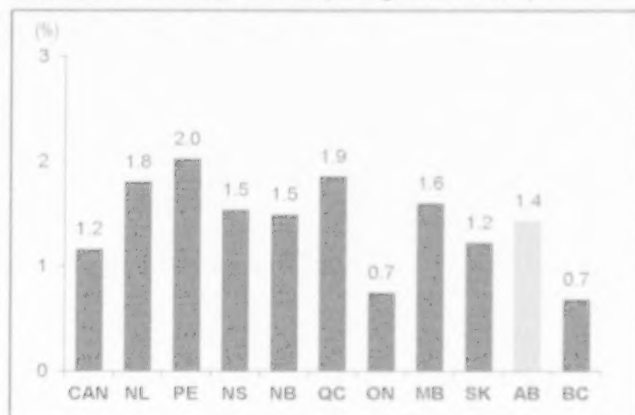
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MCG Average House Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

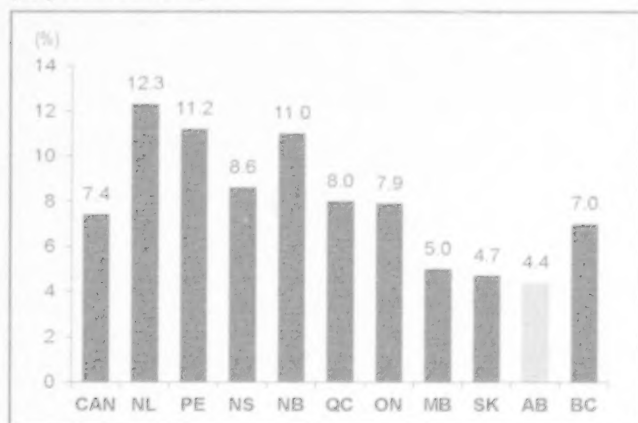
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



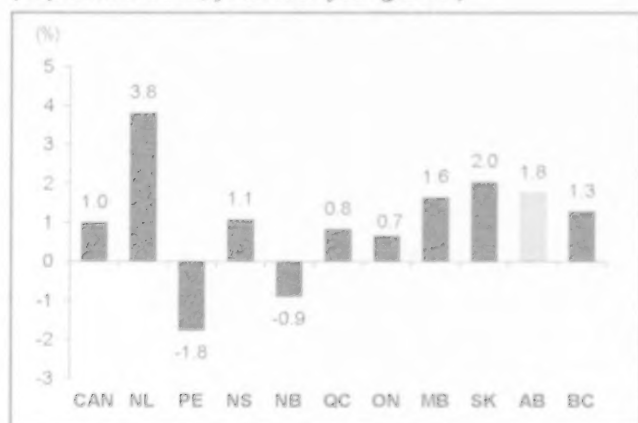
CPI Inflation
(September 2012, year-over-year growth in CPI)



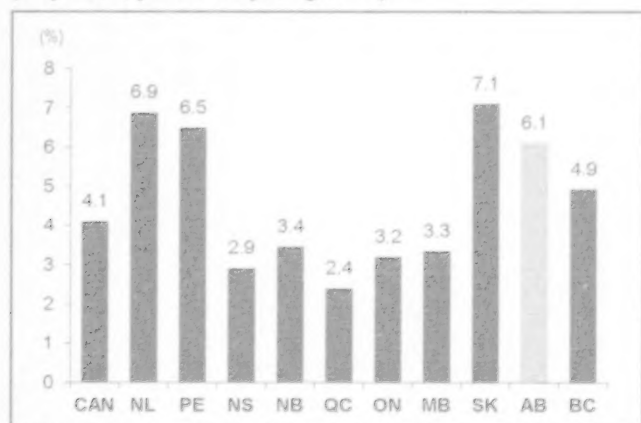
Unemployment Rate
(September 2012)



Employment
(September 2012, year-over-year growth)



Average Weekly Earnings
(July 2012, year-over-year growth)



Housing Starts
(September 2012, SAAR, year-over-year growth)

